

HONORABLE KAREN A. OVERSTREET

HEARING DATE: FRIDAY, DECEMBER 3, 2010
HEARING TIME: 9:30 A.M.
LOCATION: COURTROOM 7206, SEATTLE
RESPONSE DUE: FRIDAY, NOVEMBER 26, 2010

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In re

MERIDIAN MORTGAGE INVESTORS FUND II,
LLC;

MERIDIAN MORTGAGE INVESTORS FUND V,
LLC;

MERIDIAN MORTGAGE INVESTORS FUND VII,
LLC;

MERIDIAN MORTGAGE INVESTORS FUND VIII,
LLC,

Debtors.

No. 10-17952 (Jointly Administered)

Case Nos. 1017952; 10-17953; 10-17958;
and 10-17976

FINAL APPLICATION FOR
COMPENSATION AND
REIMBURSEMENT OF EXPENSES OF
BUSH STROUT & KORNFELD,
LIMITED PURPOSE COUNSEL FOR
DEBTORS

Bush Strout & Kornfeld ("BSK"), limited purpose counsel for Debtors, hereby makes an application for compensation in this case for the time period July 1, 2010 through October 26, 2010, and respectfully requests this Court enter an Order allowing it attorneys' fees and costs in the amount of \$15,000.00. BSK actually incurred \$22,455.00 in fees and expenses in the amount of \$1,257.98, for a total award of \$23,712.98. However, the Trustee in the case requested that BSK accept \$15,000 in fees in satisfaction of the fees and costs owed, and BSK has agreed to this request. A proposed

FINAL APPL. FOR COMP. & REIMBURSEMENT OF EXPENSES
OF BUSH STROUT & KORNFELD, LIMITED PURPOSE
COUNSEL FOR DEBTORS – Page 1

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1 order authorizing and directing payment to professionals is attached hereto as Exhibit A. In support of
2 this application, BSK represents as follows.

3 1. Date of Order Authorizing Employment of Attorneys. Debtors were authorized to
4 retain BSK (1) by Court order dated July 16, 2010, in Adversary Proceeding No. 10-01376 for the
5 limited purpose of communicating with investors' various counsel on matters necessary to facilitate
6 the purposes of that Order (Dkt. #16) and (2) by Court order dated July 28, 2010, in Bankruptcy
7 Proceeding No. 10-17952 (Jointly Administered Case Nos. 10-17952, 10-17953, 10-17958, and 10-
8 17976) to represent Debtors for the limited purpose of communicating with investors' various counsel
9 on matters necessary to facilitate the purposes of that Order (Dkt. #68). These orders were entered
10 with the agreement of counsel for numerous investors and the United States Trustee's Office, after
11 significant negotiation.

12 2. Dates and Amounts Received from Prior Fee Applications. The undersigned has not
13 previously applied for or received any payment for compensation or reimbursement of expenses
14 herein.

15 3. Amount of Unencumbered Funds on Hand. BSK is not aware of the amount of funds
16 on hand. However, pursuant to the orders referenced in paragraph 1., above, the Trustee has
17 transferred to BSK \$15,000, which BSK currently holds in trust, pending the approval of this
18 Application.

19 4. Source of Payment for Requested Compensation. Bush Strout & Kornfeld holds
20 approximately \$15,000 in its trust account, which are funds it received from the Trustee.

21 5. Amount of Fees and Costs Currently Requested. This application requests allowance
22 of fees and costs in the amount of \$15,000, a significant discount from the actual amounts of
23

\$22,455.00 in fees and \$1,257.98 in costs incurred during the time period July 1, 2010 through October 26, 2010, as set forth in detail in Exhibit B attached hereto.

6. Other Professionals Whose Employment Has Been Authorized. N/A.

7. Summary of Services Provided, Result and Benefit to the Estate.

CATEGORIES	HOURS AND DOLLAR TOTALS	
Fees	1.10 hours	\$484.00
General Administration	54.90 hours	\$21,451.00
Schedules and Statement of Financial Affairs	6.50 hours	\$520.00

a. General Administration. In early July, 2010, a number of investors in the Meridian Funds were concerned about the status of those funds and began efforts to commence an involuntary bankruptcy proceeding. BSK was working with Meridian in conjunction with discussions with those investors. BSK represented only some of the Meridian Funds themselves, not Darren Berg individually. Instead, Mr. Berg was separately represented, and BSK had virtually no information about the facts underlying the Meridian Funds or Mr. Berg's activities. Due to the nature of the issues Mr. Berg was addressing with his own personal counsel, he was not in a position to and was unwilling to communicate directly with investors or their counsel. Instead, BSK became the point of communication for the Meridian Funds with the investors and their counsel.

In an effort to facilitate the appointment of a trustee quickly in these cases, the consolidation of the cases, and access to documents and restriction on movement of funds, investors' counsel (John Rizzardi of Cairncross Hempelmann, Jane Pearson of Foster Pepper, John Mellen of Keller Rohrback, and Al Smith of Perkins Coie) all agreed that BSK could

1 serve a useful and valuable role by communicating and facilitating entry of agreed orders. The
2 involvement of BSK in this role resulted in agreed orders administratively consolidating the
3 cases, restraining the Debtors from continuing to operate or dispose of property, and directing
4 appointment of a Chapter 11 Trustee.

5 In addition, the Trustee later requested that BSK cooperate in filing additional
6 Meridian Funds into Chapter 11, and BSK so cooperated, including the preparation of petitions
7 as noted below.

8 In each case, as with the orders referenced in paragraph 1., above, the Court
9 authorized BSK to represent the Debtors in a limited capacity without further order of the
10 Court and authorized the Trustee to compensate BSK for its services. In fact, each of the
11 funds was authorized to pay to BSK up to \$10,000 for its services, for a total of \$40,000. As
12 the Court is aware, BSK has agreed to accept \$15,000 in full satisfaction of the fees and costs
13 incurred in its work, which totaled slightly more than \$23,000. BSK's services in this difficult
14 matter, at a time when chaos and uncertainty was the order of the day, helped begin to bring
15 organization and focus in the cases, provided the investors with an agreed Chapter 11 Trustee,
16 and began to pave the way for an orderly investigation and understanding of the matters before
17 this Court.

18 b. Schedules and Statement of Financial Affairs. As noted above, the Chapter 11
19 Trustee requested that BSK work with him to file additional Meridian Funds into Chapter 11s.
20 BSK worked on the preparation of petitions and filings with respect to Funds VI, IX and X in
21 this regard.

22 8. Financial Condition of the Estate, and Projection of Other Expenses and the
23 Anticipated Source of Their Payment. Unknown.

9. Projection of Future Expenses and Fees and Their Anticipated Source of Payment.

This is applicant's first and final application for fees and expenses.

10. Status of the Case. Pending.

11. The services provided and costs incurred on Exhibit B were performed on behalf of Debtors and not on behalf of a creditor or other entity herein.

12. Pursuant to 11 U.S.C. § 504, BSK will not share such compensation or reimbursement of expenses applied for herein with any other person or firm.

DATED this 3rd day of November, 2010.

BUSH STROUT & KORNFELD

By /s/ Armand J. Kornfeld

Armand J. Kornfeld, WSBA #17214

Attorneys for Debtors for Limited Purposes

DECLARATION

I am a partner at the law firm of Bush Strout & Kornfeld, and am one of the attorneys responsible for the representation of Debtors for limited purposes in the above-captioned proceeding. I have personal knowledge of the facts stated herein, and am competent to testify to them. I make this declaration in conformance with applicable sections of the Bankruptcy Code and Bankruptcy Rules, and Rule 2016 of the Local Rules of Bankruptcy Procedure.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

DATED this 3rd day of November, 2010.

/s/ Armand J. Kornfeld

Armand J. Kornfeld, WSBA #17214